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AUTHOR Hollander, T. Edward
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ABSTRACT

Institutions of higher education face a critical turning point in enrollment. How they respond will determine their future role in our society. This document gives a detailed analysis of the impact of demographic trends on individual institutions, especially as the trends affect the relationship of public to private higher education. This document attempts to assess these trends and their implications for institutions in New York State. Topics covered are: (1) present enrollment trends; (2) population trends in New York State: prospects for full-time undergraduate enrollment; (3) prospects for individual institutions, 1974-1990; (4) "holding power" of individual institutions; (5) extended mission needed; (6) the creative management of decline; and (7) implications for public policy. Tables give statistical information relating to (1) New York State Collegiate enrollments by sector and level--1963 and 1973; (2) live births for New York State 1956-1974; (3) New York State full-time freshmen enrollments (actual 1960-1972 and projected 1974-1990); (4) full-time undergraduate enrollments (actual 1960-1973 and projected 1974-1990); (5) full-time undergraduate enrollments 1973 actual and 1980 projected by sector, low series; (6) summary of expected enrollment changes of full-time undergraduates at 187 institutions in New York State. (Author/KE)

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Higher institutions face a critical turning point in enrollments. How they respond will determine their future role in our society. New York's experience may help other states understand the critical choices higher institutions need to face.

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planning for changing demographic trends in public and private institutions

t. edward hollander

Higher education, which has experienced a long period of enrollment growth and has enjoyed a high priority in the competition for public resources, faces a period of declining enrollments among its traditional undergraduate constituency. The decline will occur during a period of relatively small gains, if any, in real per capital income. Resistance to increased taxes will be great. Demand will shift increasingly away from services to youth -- and education has traditionally been seen as a service to youth -- towards services for adults and the elderly. Voter strength and public resource allocation are likely to be shifted in support of services to adult populations. The claimants among the elderly and the poor for an

HE 006 546

increased share of public expenditures will have a strong case backed by increased voting power. Higher education, which is so dependent upon public funds and grants, is likely to lose the high priority it enjoyed during the 1960's. Faced with rapidly rising costs during a period of inflation, higher institutions will be hard pressed to find the funds needed to maintain present programs, develop new approaches, and maintain high quality. New strategies for management, educational programming, and financing may be needed to maintain public confidence in and public support for higher education in the decades ahead.

The rapid growth in undergraduate enrollments of the 1960's has ended for most institutions and is likely to end shortly for all others. As the rate of growth slowed in recent years, many institutions because of the level of tuition charges, location, size, or program orientation lost enrollments. Most private and many public institutions had difficulty in making the transition to new circumstances. This first period of adjustment seems to be over. Higher institutions are now experiencing a renewed though modest growth that will continue for several years.

A new period of adjustment lies just ahead. The most optimistic forecasters among us project continued enrollment growth; the Carnegie Commission predicts a "steady state" in

the decade beyond 1980. (Carnegie Commission, 1973, p. 100)

The decade beyond 1980 will be anything but steady for many states. Shifting demographic and economic trends could result in major structural and programmatic changes that will seriously test our higher education enterprise. The 1980's and beyond could be characterized by major enrollment declines and loss of public confidence in, and support, for higher education. Private institutions, with high and still rising tuition charges reflecting escalating costs, may be reduced to playing a relatively minor role in meeting higher education needs. These undesirable outcomes are possible if we fail to understand and plan for exogenous changes that will influence the scope and mission of our enterprise. On the other hand, we can try to understand and shape our future rather than be shaped by it.

While generalizations about expected enrollment declines are useful, they are less interesting than a more detailed analysis of the impact of demographic trends on individual institutions, especially as the trends affect the relationship of public to private higher education. This paper attempts to assess these trends and some of their implications for institutions in New York State. The lesson applies to institutions in other states as well.

recent enrollment trends

Planning in New York State was easier during this past decade because the need for expansion was evident and compelling. Higher education met that need and did it well. In 1963, approximately 54% of the State's high school graduates went on to college; a decade later, higher institutions enrolled 63% of the State's 243,000 high school graduates. (Regents, 1974, p. 2). Total enrollment increased from 475,000 students in 1963 to 879,000 in 1973 (Table 1). New York State now has in place about 1.7 million net assignable square feet which, if fully used, and if located in the right place and designed for the right programs, could accommodate over one million students. During this period 26 new public and 20 new private institutions were established. Two major public university systems -- now the largest and third largest in the country -- came to full maturity within the last decade. The public two-year colleges, a shadow of a network in 1963, evolved into one of the largest community college systems in the country. Annual state expenditures for higher education, exclusive of capital construction, increased ten-fold in the to over $1 billion by 1973. (Regents, 1972, p.3). Tuition-free higher education was continued at the City University of New York. The State University of New York and the community colleges

maintained low tuition charges, with major public subsidy. Private institutions received sizeable amounts of general aid, and over $100 million in assistance was made available to low and middle-income students.

The most recent period, 1969 to 1973, gave some indication of the nature of the trouble ahead. While full-time undergraduate enrollments grew by 85,000 students, or 21%, during this period, the rate of growth was well below that of the preceding five years. Public enrollments continued to surge, but private institutions lost 4% of their enrollments. (Regents, 1972, p.32).

Most colleges tried to meet planned enrollment goals by accepting a higher proportion of their applicants. Public institutions raised their acceptance rates from 56% to 68% between 1970 and 1973; private institutions raised their acceptance rates from 65% to 71%.

Sixty-eight private institutions experienced declines in full-time undergraduate enrollments totalling almost 20,000 students during the last three years. Fifty-two private institutions experienced increases in full-time undergraduate enrollments.

The proportion of high school graduates going on to college, which had risen during the last two decades, remained stable between 1970 and 1971 and then declined in 1972 and then again

Table 1

New York State Collegiate Enrollments *
By Sector, and Level
1963 and 1973

Type of Institution	1963				1973			
	No. of Instit.	Enrollments (000 omitted)			No. of Instit.	Enrollments (000 omitted)		
		Full-time	Part-time	Total		Full-time	Part-time	Total
Four-Year Colleges								
State University	24	46.4	16.3	62.7	30	113.4	38.7	152.1
University Centers	4	14.0	9.0	23.0	4	41.1	16.0	57.1
Other 4-year	20	32.4	7.3	39.7	26	72.2	22.7	95.0
City University	4	37.7	56.4	94.0	11	89.4	73.7	163.2
Private Institutions	114	151.6	98.5	250.0	125	211.0	120.2	331.2
Multiversities	5	46.0	35.2	81.2	5	55.1	27.0	82.1
Universities	9	31.3	21.8	53.1	9	38.8	31.6	70.5
Large Colleges	26	34.5	14.2	48.7	26	49.7	25.5	75.3
Small Colleges	27	16.6	5.2	21.8	34	27.9	11.8	39.8
Engin. & Others	47	20.6	21.6	42.2	51	32.9	23.1	56.0
Total Four-Year	142	235.6	171.1	406.8	166	347.1	111.5	458.6
Two-Year Colleges	62	34.0	34.1	68.0	59	136.3	104.1	240.4
SUNY - Ag & Tech.	6	6.5	2.1	8.6	6	19.6	7.1	26.7
Comm. Col., CUNY	4	5.4	10.4	15.7	8	41.3	37.0	78.3
Comm. Col., SUNY	21	18.3	21.0	39.2	30	69.0	58.7	127.8
Private	31	3.8	0.7	4.5	15	6.5	1.2	7.6
Total State	204	269.6	205.2	474.8	225	543.7	335.6	879.3

* Degree credit enrollments, excludes nondegree credit enrollments at collegiate institutions and enrollments at noncollegiate institutions. Detail may not add to totals due to rounding.

SOURCE: Higher Education Data System, New York State Education Department.

in 1973.

Part-time enrollments continued to grow rapidly, but relatively few institutions benefitted from this growth. Serving part-time students is an important mission for public and private institutions in major metropolitan areas. But only five out of 24 State University units, 19 out of 30 community colleges (excluding those sponsored by the City University), and 19 out of 124 private institutions enroll more than 1,000 part-time students. (Regents, 1972, p.33).

A slowing in the rate of growth between 1969 and 1973 resulted in substantial enrollment declines among a surprisingly large number of institutions. In part, this may have resulted from their lack of attractiveness because of inherent weaknesses; in part it could have resulted from differences in tuition levels.

population trends in new york state: prospects for full-time undergraduate enrollments

Most colleges in New York State enroll their full-time undergraduates out of the traditional college-age group. While some trends suggest that higher institutions, especially in the public sector, are likely to admit increasing numbers of adult students to full-time status, the practice is not widespread. Thus, the paper concentrates upon the impact of the declining birth rate in New York on the size of the undergraduate full-time student body drawn directly from the high school graduating

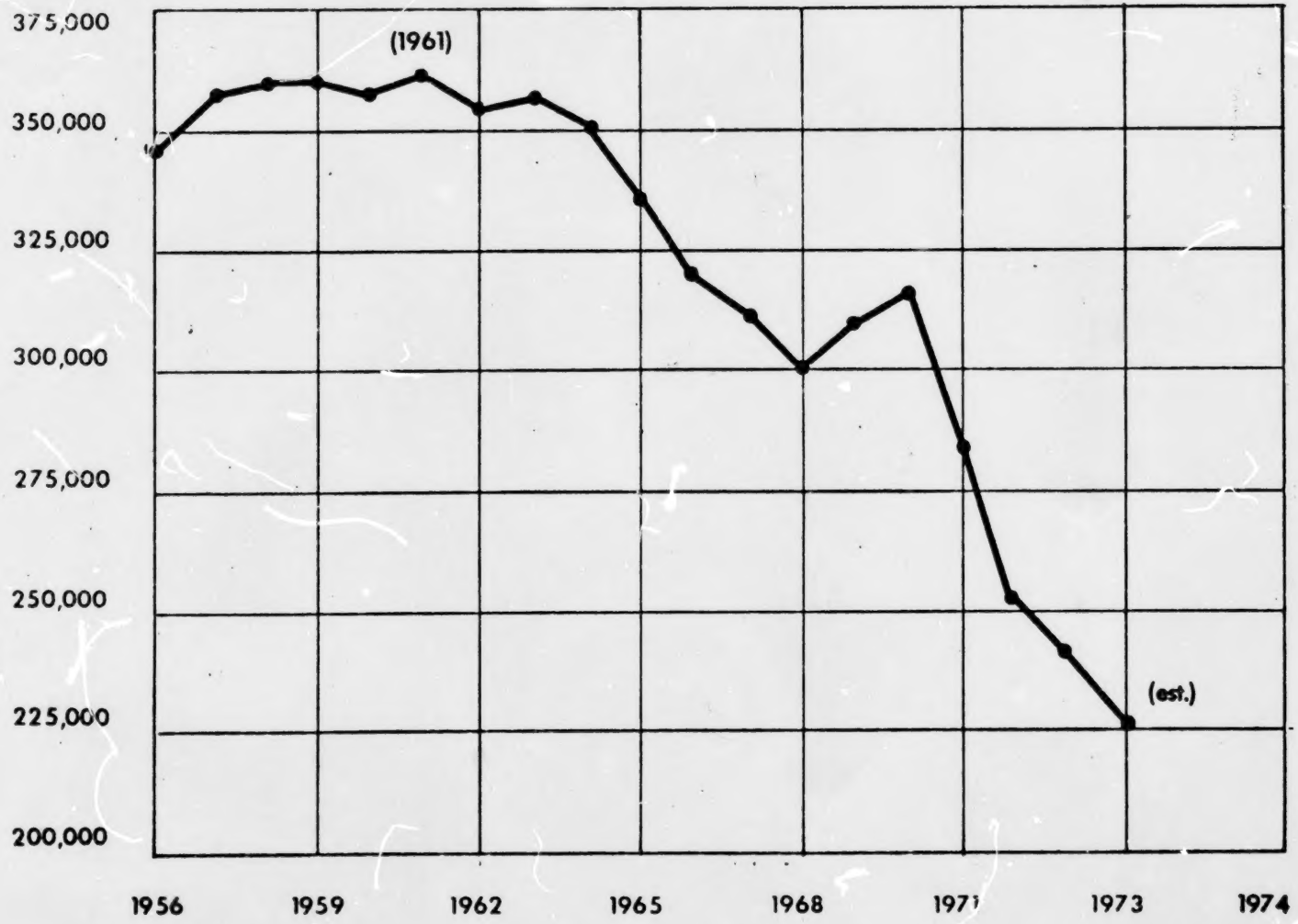
class.

Live births for New York State declined from a high of 362,000 in 1961, by over one-third, to 239,000 in 1973. Preliminary data now available for 1974 project further declines to about 225,000 live births annually by 1974, 40% below the 1961 high (See Chart 1). The impact on the number of high school graduates is significant. High school graduates rose from 167,000 in 1960 to 243,000 in 1973. The number will continue to rise to a peak of 251,000 in 1976 and thereafter decline gradually to 240,000 in 1981. Beginning in 1981, the number of graduates is expected to decline sharply so that by 1990 the graduates of New York State high schools will fall back to the 1960 level of 167,000 (Chart 2). Our expectation is for the decline to continue beyond 1990 and the preliminary birth rate data for 1973 and 1974 support this expectation.

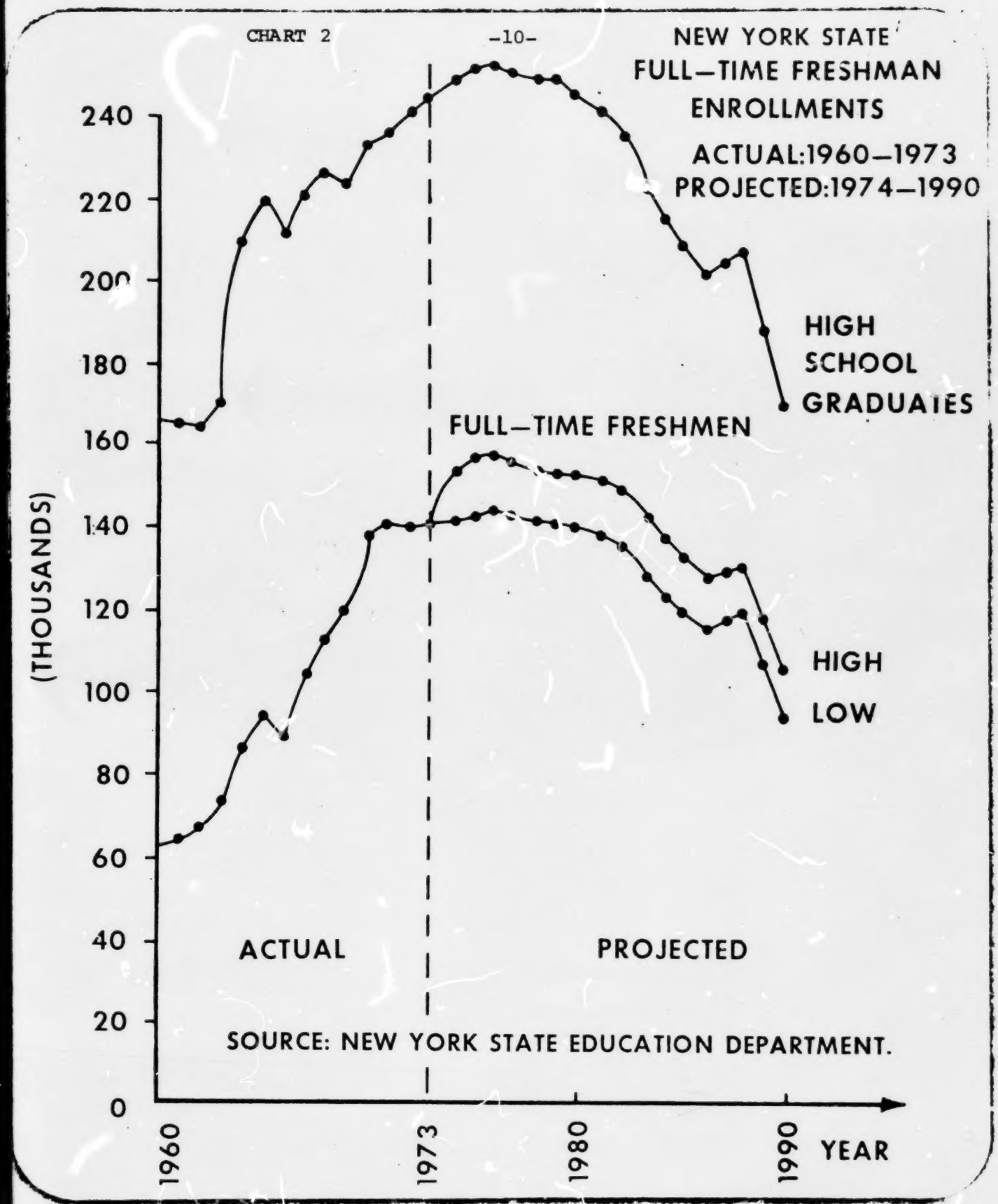
Other states are likely to experience similar declines, though the decline for the country as a whole is likely to be less severe than in New York. Live birth data examined for Connecticut, Illinois, Massachusetts, Montana, Pennsylvania and Wisconsin suggest that projected high school graduates in these states will follow the New York pattern. (Between 1962 and 1972, live births declined 28.2% in New York State, 28.8% in Connecticut, 23.9% in Illinois, 29.1% in Massachusetts, 32.06% in Montana,

CHART 1

LIVE BIRTHS FOR NEW YORK STATE 1956-1974



SOURCE: NEW YORK STATE DEPARTMENT OF HEALTH.


NEW YORK STATE
FULL—TIME FRESHMAN
ENROLLMENTS
ACTUAL:1960—1973
PROJECTED:1974—1990
HIGH SCHOOL GRADUATES
FULL—TIME FRESHMEN
HIGH
LOW
(THOUSANDS)
240
220
200
180
160
140
120
100
80
60
40
20
0
ACTUAL
PROJECTED
SOURCE: NEW YORK STATE EDUCATION DEPARTMENT.
1960
1973
1980
1990
YEAR

27.2% in Pennsylvania, and 32.0% in Wisconsin.) Data on live births for Maryland and Texas suggest a decline in the number of high school graduates at less than half the New York State rate. (Between 1962 and 1972, live births declined 11.8% in Maryland and 10.8% in Texas.)

The number of high school graduates is but one of several elements affecting undergraduate enrollments; a second major determinant is the "college-going rate" or the proportion of high school graduates continuing on to college. The argument is made by steady state advocates that the decline in the number of high school graduates provides higher institutions with the opportunity to extend access and thereby maintain enrollments.

This possibility may be a comforting thought for educators, but there is little evidence of increased student interest in collegiate study. Professor Boulding points out that the higher the proportion of students going on to college, the less the differential reward for a college degree. (Boulding, 1974.) The proportion of students continuing beyond high school is now high. Trends--nationally as well as in New York State--suggest a decline in the proportion of students planning to continue on to college. Further, the market for degree holders in the seventies has not been as good as it had been in the 1960's. The outlook for the future is bleaker still. The assumption

that the college-going rate will increase must be regarded as highly optimistic.

Whatever the possibilities for increasing the college-going rate in other states, the opportunities for doing so in New York State are not very good. New York now enjoys one of the highest college-going rates in the country. The rate rose continuously during the 1960's, reaching a nigh point of 65.6% in 1971. The rate declined slightly since then to 63.4% in 1973. The in-state college-going rate (New York State high school graduates selecting New York State institutions) has remained relatively stable between 51% and 52% since 1970.

Projections of first-time freshmen and full-time undergraduate enrollments have been prepared statewide, by region and by institution, assuming that (1) the full-time undergraduate student enrollment will continue to be drawn as it has in the past from the traditional college age group, and (2) the state will continue to attract in the future the same proportion of out-of-state high school graduates as it has in the past. Two projections are presented in this paper. A "low series" was prepared on the assumption that the present in-state college-going rate of 51% will be sustained. In the "high series" the in-state college-going rate is projected at 57%, on the assumption

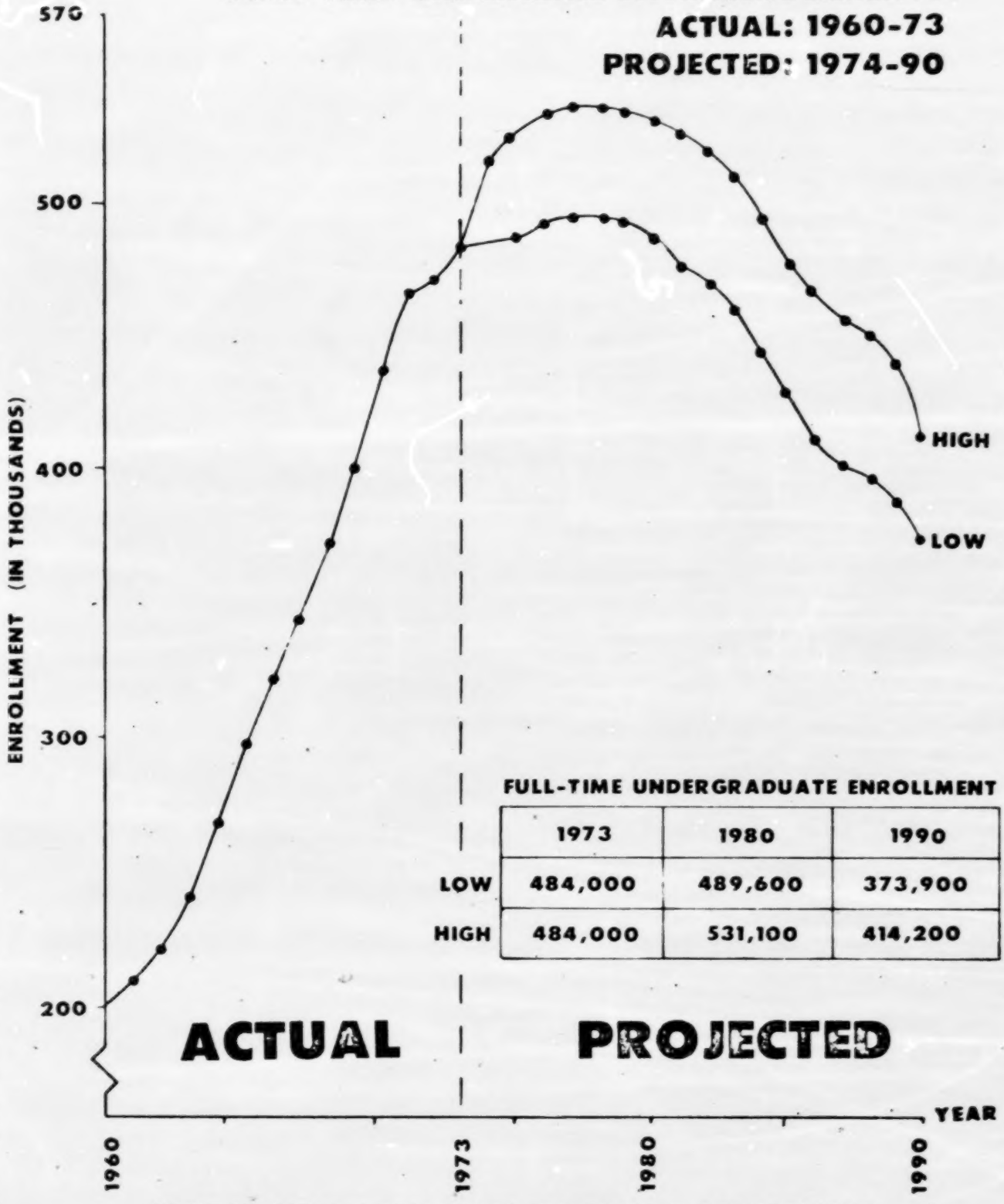
that New York institutions will be able to attract a higher proportion of New York State residents who in the past had gone out of state for collegiate study.

The two projection series for full-time undergraduates are presented in Chart 3. The "low series" projects continuing enrollment increases through 1977, relative stability through 1980, and a sharp decline between 1980 and 1990. The level of enrollments in 1990 of 373,900 students in the low-series projections is 31% below the expected 1980 level and 23% below the actual 1973 enrollments. The "high series" projections of 414,200 students in 1990 is 22% below the expected 1980 high and 14% below the actual 1973 enrollments. Both series project a decline in full-time undergraduate enrollments drawn from among the traditional college-age population. The "state" is far from "steady." While projections beyond 1990 have not yet been prepared, the continuing decline in expected freshmen between 1988 and 1992 suggests an enrollment level in 1992 that could be as much as 40% below the 1980 levels.

The statewide data suggest a potentially severe impact on individual institutions within the state. In the next section we will attempt to analyze the likely impact upon individual institutions.

FULL-TIME UNDERGRADUATE ENROLLMENTS

ACTUAL: 1960-73
PROJECTED: 1974-90



FULL-TIME UNDERGRADUATE ENROLLMENT

	1973	1980	1990
LOW	484,000	489,600	373,900
HIGH	484,000	531,100	414,200

SOURCE: NEW YORK STATE EDUCATION DEPARTMENT.

prospects for individual
institutions, 1974-1990

Enrollment projections of full-time undergraduates have been prepared for almost every higher institution in the state through 1990. Each institution's enrollment projection is based upon that institution's experience in attracting high school graduates from each of the eight regions of the state and from out of state. The enrollment projections include transfer students. They also take into account that certain institutions still admit a relatively low proportion of their applicants; this group of forty public and private "high demand" institutions are expected to increase their acceptances as the number of high school graduates declines in order to try to maintain their enrollment levels.

The remaining years of this decade should pose few problems for most institutions in New York State. It will be a period of relative stability for most private institutions, a period of some growth for the State University and a period during which most but not all of the units of City University will experience some declines among their traditional college-age undergraduate populations. Twenty-five institutions will experience enrollment declines and a significant number of these institutions could experience sufficient declines to cause them to consider closing. The private two-year colleges and several small four-year liberal

arts colleges comprise the most vulnerable group for the short term (Table 2).

The one thing that can be said for the 1980-1990 period is that almost all institutions will be in the same boat together. While it is true that about forty public and private institutions can maintain enrollments, the remaining institutions in the state will experience severe enrollment declines. A second point is that the conventional wisdom that public institutions will be sustained while private institutions will suffer the major declines is not borne out, if the present tuition differential among public and private institutions is maintained. Each sector has institutions with strong and weak "holding power," depending upon geographic location, reputation and nature of program.

Within the State University system, the University Centers will operate above present levels even under the most pessimistic of assumptions. There is a good possibility they will continue to grow throughout the period. On the other hand, enrollments at the four-year state colleges are likely to decline by over 30%; seven of these colleges will suffer especially severe declines, while six of the colleges are likely to experience only small declines. The two-year colleges outside New York City may suffer severe declines, especially if the four-year state colleges are able to attract students at their expense. Fourteen upstate community colleges are expected to fall below 1,000 full-time

Table 2

Full-Time Undergraduate Enrollments*
1973 Actual and 1980 Projected
By Sector, Low Series

	Enrollments (000 omitted)			Percent Change	
	1973	Projected		1973 to	1973 to
	Actual	1980	1990	1980	1990
Four Year Colleges:	347.2	348.7	274.5	0.4	(20.9)
State University	99.3	111.5	91.4	12.3	(8.0)
University Centers	33.9	41.3	37.0	21.8	9.1
Other Four-Year	65.4	70.2	54.4	7.3	(16.8)
City University[a]	84.5	73.4	54.0	(13.1)	(36.1)
Private Institutions	163.4	163.8	129.1	0.2	(21.0)
Multiversities	32.8	33.4	27.4	1.8	(16.5)
Universities	31.9	30.6	22.3	(4.1)	(30.1)
Large Colleges	48.8	48.9	39.9	0.2	(18.2)
Small Colleges	26.8	27.7	20.9	3.4	(22.0)
Engineering, Other	23.1	23.3	18.6	0.9	(19.5)
Two-Year Colleges:	136.8	141.0	99.4	3.1	(27.3)
SUNY-Ag & Tech	19.6	21.7	15.2	10.7	(22.4)
Comm. Coll., CUNY	41.6	36.5	25.3	(12.3)	(39.2)
Comm. Coll., SUNY	69.2	77.1	54.9	11.4	(20.7)
Private	6.4	5.7	4.0	(10.9)	(37.5)

*Includes projections of students drawn from the traditional college-age pool; the projections do not take into account the potential admission to full-time status of adults. The City University enrolled 4,000 freshmen in Fall, 1974 from among a pool of students holding a high school equivalency diploma. Other institutions are considering similar policies.

SOURCE: T. Edward Hollander, "Curiouser and Curiouser," Unpublished statement before the Executive Committee of the Association of Colleges and Universities of the State of New York, Rensselaerville, N.Y., June 18, 1974, table 13, p.15.

students.

Enrollments of traditional college-age students within the City University will continue to decline between 1980 and 1990, with 1990 enrollment levels expected to be 36% below 1973 levels. All but one institution will still enroll sizeable numbers of students in 1990.

Within the private sector, most of the large multiversities will maintain enrollments or experience only moderate declines. The same applies to fourteen large colleges and eight small private colleges. The "large universities" as a group will experience significant declines because of their location in the New York City metropolitan area. The remaining number of private colleges, especially the smaller colleges and the two-year colleges, will experience sharp declines (Table 2).

"holding power" of individual institutions

On the basis of these projections, all institutions in the state have been reclassified, in relation to "holding power," into one of six groups, depending upon the size of the expected enrollment decline that they will experience based upon the "low series" projection. These data are shown on Table 3.

The group of institutions likely to suffer a loss of one-half of their 1973 undergraduate full-time enrollments includes five public and 20 private institutions that together now enroll

Table 5

Summary of Expected Enrollment Changes of Full-time Undergraduates at 187 Institutions[a] in New York State (assuming no change in the college-going rate)

Holding Power Classification	No. of Institutions	Enrollment Level				Ratio of 1973: 1969 Enrollments	Ratio of 1990: 1973 Enrollments	Percent of 1973 Statewide Enrollments in Category
		Actual		Projected				
		1969	1973	1980	1990			
Category I: Enrollment Decline of 40% or more								
Public	5	23,800	39,800	30,000	19,700	1.67	.49	10.2
Private	20	10,600	9,000	6,600	4,800	.85	.53	
Category II: Enrollment Decline of 30% to 39.9% or more								
Public	16	64,300	93,600	84,000	60,500	1.46	.65	28.0
Private	27	44,400	39,800	36,600	26,600	.90	.67	
Category III: Enrollment Decline of 20% to 29.9% or more								
Public	16	41,000	53,000	56,400	40,100	1.29	.76	23.6
Private	29	62,000	59,500	59,800	44,300	.96	.74	
Category IV: Enrollment Decline of 10% to 19.9% or more								
Public	22	34,500	53,100	60,800	44,900	1.54	.84	14.2
Private	8	15,600	14,600	15,600	12,600	.94	.86	
Category V: Enrollment Decline of less than 10%								
Public	16	57,800	68,900	85,100	70,700	1.19	1.03	24.0
Private	28	42,200	45,500	50,700	44,800	1.08	.98	
TOTAL[b]	187	396,300	476,600	485,500	368,900	1.20	.77	

[a]Includes 187 out of the 196 institutions included in the study. These institutions enroll over 95% of statewide full-time undergraduates.

[b]Detail may not add to total due to rounding.

ten percent of the full-time undergraduate population. The public institutions include two four-year colleges and three community colleges. The public institutions are located in or near urban areas and have opportunities to attract large numbers of part-time students. Their future viability will depend upon their willingness and ability to do so. The 20 private institutions include five two-year and 15 four-year institutions. They are all small, have suffered significant enrollment declines between 1969 and 1973, and now accept a high proportion of their applicants. Their long-term prospects for continuing operations are not very good.

Institutions now enrolling one out of two full-time undergraduates fall in Categories II and III. Institutions in Category II, on the average, are expected to experience a loss of one-third of their 1973 full-time undergraduate enrollments by 1990; institutions in Category III are expected to experience a 25% loss.

Half of the private institutions in the state fall into these two groups. Included are most of the state's private institutions that have traditionally served students with diverse academic achievements who are drawn from a broad range of socio-economic groups. The institutions now accept a high proportion of their applicants. Their major mission is at the undergraduate

level for students attending on a full-time basis. They enjoy relatively small endowments and are highly dependent upon tuition revenues to finance current operations. Few private institutions in these groups can absorb major enrollment declines without sharply reducing debt-service costs and faculty size. Even so, their survival will depend upon state support sufficient to permit them to maintain their tuition at levels competitive with the public sector. If private higher education is to survive in New York State as a significant sector serving undergraduates, public policy must consider the problems that enrollment retrenchment poses for these institutions.

The public institutions falling into Categories II and III include most of the state's two-year colleges. Most of these institutions now enroll or plan to enroll large numbers of adult students and extend their community service programs. Their future mission will increasingly be in career, adult and community service programs, areas in which they offer unique programs. Their role in offering the first two years of a four-year liberal arts program is likely to decline in importance. The ten four-year public colleges in these categories are institutions that have concentrated their offerings in teacher training programs.

Institutions classified in Categories IV and V are those

that are expected to continue to grow through the early 1980's. Institutions in Category IV are likely to experience enrollment levels in 1990 that are 15% below present levels. Full-time undergraduate enrollments in 1990 for "Category V" institutions will approximate their 1973 levels. One out of every two public institutions in the state fall into these last two groupings. Included are the four State University centers and about half of the four-year public colleges. Most of the public institutions are located in suburban or rural areas and serve full-time students on a residential basis.

The private institutions included in these categories are of two types. The first group includes small but well-known liberal arts colleges, many with large endowments. They attract students on a statewide basis and from out of state. The second group includes the major private universities and specialized colleges with large graduate as well as undergraduate enrollments. The institutions in this latter group, while likely to experience relatively stable undergraduate enrollments, face fiscal problems resulting from their extensive commitment to costly professional and advanced degree programs.

In summary, the private and public sectors both include institutions with strong and weak holding power. However, private undergraduate institutions tend to be concentrated in the

"significant enrollment decline" categories. Public institutions tend to be concentrated in the two categories that are characterized by enrollment stability.

The private institutions facing the most serious problems include almost all of the two-year colleges, and the four-year colleges that tend to serve local residents. Of course, these were New York State's "public" institutions (in terms of mission) prior to the recent expansion of public higher education. The most vulnerable public institutions are the community colleges and about half of the public four-year colleges. These institutions do have alternative options to serve broader community needs if they are able and willing to do so.

Two last points need to be made. All of the classifications are based upon an institution's present mission. Hopefully, an institution's classification will cause it to re-examine its mission in the light of these trends. We also have assumed that the present tuition differences among institutions will remain unchanged. Obviously, if private tuition levels rise more slowly than public tuition levels, private institutions will improve their competitive position. The reverse is the more likely outcome. The New York State Education Department is now developing a model that will measure the impact of changes in tuition structure upon individual institutional enrollments.

extended missions needed

The decline in full-time undergraduate enrollments, and the increased competition for students that will accompany it, combined with the nation's long-term economic outlook, require that colleges and universities re-examine the assumptions underlying their planning. For example, some institutions could seek to extend their educational missions to provide educational opportunities to the various segments of our adult population not now served by higher education. All institutions will be required to maintain and improve their flexibility and thus their ability to adjust to meet changing conditions, whether that means a strategy for the management of decline or a re-direction of their educational mission.

There are several ways in which institutions can seek to extend their educational missions. Some may specialize in graduate education and research; several of the large universities now do. While full-time undergraduate enrollments will peak around 1980 and then decline rapidly, demand for graduate study is likely to continue to increase at least through 1985. As a result, graduate-level enrollments, full-time and part-time, currently at 180,000 in New York State, are expected to grow to between 214,000 and 229,000 by 1980 and to between 230,000 and 244,000 by 1990. (Regents, 1972, p. 40.)

A word of caution is needed here, however. Traditionally, graduate education has served students seeking courses in elementary, secondary and collegiate teaching. The demand for teachers has declined sharply. Outside the academic community there is likely to be continued demand. Graduate education, then, will have to reorient itself to meet not the needs of our universities and schools -- although there will still be need for persons with the highest quality research training -- but the needs of the other segments of our society, business, industry, and government.

A second area in which there is room for colleges and universities to extend their missions is continuing education. While the number of persons in the 18-24 age group will soon begin to decline, the number of persons 20-39 years old is growing. Today there are five million New Yorkers in the 20-39 age group. By 1990, there will be almost 6.8 million. (Regents, 1972, p. 39.)

Some 216,000 persons were enrolled as part-time undergraduates at New York's colleges and universities in 1973. (Regents, 1972, p. 39.) If present trends continue, some 250,000 undergraduates will be studying part-time by 1980. By 1990, present trends will raise that number to 260,000. (Regents, 1972, p.39.)

There is room for expansion of mission in meeting the needs for continuing education. Part-time undergraduate enrollments would be about 300,000 rather than 250,000 in 1980, and over 340,000 rather than 260,000 in 1990, if institutions are able to develop programs designed to meet the specific needs of adults. Institutions, especially those outside the major metropolitan areas, will have to seek new educational strategies, however, if these dramatic increases in part-time undergraduate enrollments are to take place.

Higher institutions could also seek to serve new populations. Institutions could develop programs designed for women with school-age children who seek to return to, or go to, college. A special effort could be made to provide services to veterans, or to members of the armed forces. Inmates of correctional facilities could benefit from higher education and some colleges and universities now offer such programs. Institutions could also seek to provide greater educational opportunity in cooperation with business and industry.

Higher institutions that seek to extend their educational missions face intense competition from school districts, proprietary schools, industry, professional associations, labor unions and government agencies that have already established and are contemplating expansion of programs in these areas. Institu-

tions outside of the collegiate framework can now offer their students the potential to earn collegiate credit through the wide variety of independent study programs and challenge examinations that are widely available in New York State and elsewhere.

Colleges and universities cannot assume that their interest in serving new constituencies will be accepted without challenge. Collegiate programs for adults cannot simply be evening and extension programs based upon the basic education undergraduate model that has worked successfully among a traditional college-age group. New educational strategies need to be defined in terms of the needs of the constituencies colleges seek to serve.

the creative management of decline

The prospect for most colleges and universities is for reduced levels of operation. How well they plan their readjustment will determine whether or not they will survive. Institutions face three major internal obstacles in reducing expenditure levels to compensate for reduced levels of enrollments: the cost of maintaining physical plant in excess of need; high debt service costs incurred for plant expansion; and a high proportion of tenured faculty that limit possible staff reductions and the internal flexibility needed to shift educational mission. Fortunately, most institutions have about five years to deal with these issues. How they can do so is outside the purview of this paper.

In New York State, the Regents have responsibility for the preparation of a quadrennial plan to coordinate the development of postsecondary education. One of the major objectives of the 1976 statewide plan will be to identify long-term enrollment goals by sector (State University, City University, community colleges, and private institutions) and to encourage individual institutions to redefine their missions, if appropriate, develop new enrollment goals, and prepare plans to adjust their enterprise to their newly defined goals. To help institutions with this effort, the New York State Education Department has made its enrollment projection model available to each institution so that it can identify new enrollment goals under whatever assumptions the institution believes appropriate in the light of its present or redefined mission.

Even so, it is likely that the next decade will be characterized by the consolidation of institutions within the public and private sectors. A strong possibility exists that a significant number of institutions will determine that it is not feasible to continue operation in the changed circumstances of the 1980's.

implications for public policy

State government will play a critical role in determining the nature, orderliness and outcome of the process through which institutions will adjust to the changed circumstances of the 1980's.

Government policy will influence the allocation of public resources between school districts and the collegiate sector in the extension of educational opportunities to adult populations. Government will influence the educational missions of public and private institutions through the direction of public subsidy. Government will determine the relation of public to private institutions through the distribution of public funds among the sectors, and through the relative levels of tuition that it influences for undergraduate and graduate education in the public and private sectors.

A state's program for postsecondary education should follow from a now widely accepted policy that every high school graduate has a right to postsecondary education in a program that best meets his or her needs on terms that he or she can afford. The maintenance of a comprehensive system of postsecondary education, that is, a system that assures the continued operation of proprietary, private and public institutions to the extent that they serve student needs, is consistent with this basic policy. Program diversity is necessary to meet the wide range of educational objectives of students with varying interests and abilities; it is best assured through decentralized academic and fiscal control and the distribution of governance powers

among a variety of public and private boards. The preservation of private as well as public institutions also has the practical and not insignificant effect of assuring a continuing flow of private funds to complement the major state commitment of resources and support for postsecondary education.

State policy should support the development of a wide variety of innovative educational strategies to serve adult as well as traditional student populations. Through a state's formal planning process, it can encourage institutions to extend, if appropriate, their educational missions, define realistic enrollment expectations, develop plans to adjust expenditures to expected revenues, and strengthen academic programs in order to attract out-of-state as well as resident student populations.

While sound academic and fiscal planning by individual institutions is critical for each individual institution during a period of change, state fiscal strategy will determine whether declining enrollments are absorbed almost exclusively by private institutions or whether program quality and the strength of the institution as perceived by students will be the major determinant of institutional survival.

The present fiscal strategy for New York State is to subsidize public higher education in order to maintain low tuition

levels in the public sector. Private institutions receive a small state subsidy (based on degrees awarded) amounting to less than 5% of their operating budgets; the state, thereby, subsidizes a somewhat lowered tuition level than these institutions might otherwise be required to charge.

In addition, categorical aid is provided to public and private institutions in support of special opportunity programs for the disadvantaged, graduate fellowship aid, medical, dental and nursing programs, selected research programs in science and technology, and a limited number of endowed chairs. The distribution of state funds in support of higher education is shown in Table 4.

In 1974, the state expanded significantly its tuition assistance program for New York State residents electing full-time study at a New York institution. Under the State entitlement program students may now receive up to $1,500 in aid. The program makes it possible for students from low and low-middle income families to attend a private institution if that institution's program best meets the students' needs. Together with institutionally funded aid, basic and supplemental education opportunity grants available under Federal programs, the expanded state tuition assistance plan has reduced the difference in tuition levels among public and private institutions so that private institutions

Table 4

New York State Financing of Higher Education
Funds Available for 1973-74 State Fiscal Year and
Appropriations for 1974-75 State Fiscal Year

(millions of dollars)

	Funds Available 1973-74	Appropriations 1974-75
State University*	$538.5	$625.3
City University of New York	132.3	154.5
Community Colleges	112.4	118.9
Aid to Nonpublic Institutions	69.6	78.1
Aid to Students	94.5	124.1
Programs for Disadvantaged Students	34.2	34.7
Other Appropriations	30.5	32.7
	$1,012.0	$1,168.3

Sources: 1973-74 data from the State of New York Executive Budget for 1974-75.

1974-75 data is based upon the actual appropriation bills passed by the 1974 Legislature and approved by the Governor.

*Includes employee benefits

can compete effectively with institutions in the public sector on the basis of quality and suitability of program.

If the present tuition balance among public and private institutions could be maintained, it would be possible to rely upon student choice and market forces to adjust the higher education system during a period of retrenchment. The state would monitor a process that would assure the survival of public and private institutions that are best able to attract students to programs that meet statewide standards. Institutions that are not able to do so would be consolidated or closed as enrollments fell below levels needed to maintain viable programs. The state would have to continue evenhanded academic and fiscal policies with respect to all institutions. It would need to provide appropriate levels of categorical support for high quality graduate and other specially needed high-cost professional programs until they receive adequate federal support. For such a system to function effectively, the state would also have to establish procedures to minimize public intervention to "save" institutions in difficulty, whether under public or private sponsorship, and assure an orderly process for consolidation, closure, protection of student records and disposal of surplus properties.

Inflation, however, is likely to create imbalances in the system. Higher education costs have been rising faster than the

general price level. Tuition at private institutions has tended to follow directly in relationship to the cost increased in higher education. On the other hand, public resistance to tuition rises in the public sector is strong, and public tuition rates tend to be "sticky." A fair assumption is that cost increases for public higher education will be covered largely through public subsidy with periodic adjustments in tuition levels that will lag behind general price level increases.

Unless a way is found to maintain relatively low tuition levels in the private sector, tuition rates will continue to rise faster at private institutions than at public institutions. At some point the tuition differential would be so great that most private institutions, even with adequate academic and fiscal planning, would no longer be able to compete for students. The end result would be the survival of few undergraduate private institutions; most of undergraduate education would be concentrated in the public sector.

State policy could be oriented to maintain the present balance between net tuition levels at private and public institutions by periodically adjusting the level of general aid to private institutions in proportion to increased state subsidies to cover cost increases in the public sector. To the extent that inflation results in tuition increases in both sectors, the State would need to periodically adjust the level of student aid so that low

income students would continue to have access to public and private institutions. Federal student aid and loan programs would also have to be adjusted periodically to take into account cost increases.

This fiscal strategy is but one approach to statewide policy in the light of expected enrollment declines.

Other models of a statewide system are possible and may be more appropriate in other states. For example, the private institutions in a state may be redefined into classes, each enjoying a varying level of state affiliation based upon the judgment of the government as to the relative importance of the institution in meeting higher education needs. The closer the state affiliation, the greater would be the level of state support and the more direct the level of state supervision. Another possibility is that higher institutions could be reorganized into regional complexes through which private institutions could receive contracts for specific educational programs. No doubt others could be defined as well. All such alternative models suffer the disadvantage of shifting from student choice to some other mechanism for selecting out those institutions that best serve public needs.

* * * *

A popular story making the rounds in New York State suggests

a final ending to this paper.

> A professor of clinical medicine addressing his graduating class on the last day of their formal education announced that he had two confessions to make. The first one, he said, is that his students would soon find that half of what he taught them was not true. His second confession was that he had no idea which half that might be.

It is our hope and expectation that the dismal expectations set forth in this paper will subsequently turn out not to have been true. That outcome is possible only if the higher education community faces frankly and openly the likely impact that demographic and economic factors will have on higher education. In so doing higher institutions should re-examine opportunities for extended missions, prepare for the adjustment needs to respond to the decline in the number of traditional college-age students they serve, provide rational management to preserve the strength of the enterprise, and maintain the public support higher education now enjoys.

In New York, the system for planning, and the commitment by the leadership of higher institutions, public and private, to join together to solve these problems is an optimistic sign. Other states may well consider the implications of this paper on

their own statewide planning mechanisms, and the need for the higher education community to re-examine some basic assumptions about the shape and structure of their postsecondary systems.

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T. Edward Hollander is Deputy Commissioner for Higher and Professional Education in New York State. Formerly, he served as Vice-Chancellor for Planning and Budgeting for The City University of New York. He has taught at the University of Pittsburgh, Duquesne University, and the Bernard M. Baruch College of The City University of New York. The author acknowledges the helpful assistance of Byron Connell and Charles Treadwell in the preparation of this paper. Michael Cruskie developed the enrollment projection model for projections used in this paper.